

Message Text

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TAGS: ELAB, PINT, ECON, BE

SUBJECT: UNION-EMPLOYER REPRESENTATIVE BREAKS OFF NEGOTIATIONS

-PUTTING BALL BACK INTO TINDEMANS' COURT

REF: BRUSSELS 09615

1. REPRESENTATIVES OF THE TRADE UNIONS AND EMPLOYER ORGANIZATIONS ABRUPTLY BROKE OFF TALKS OCTOBER 31 AFTER FAILURE TO REACH AGREEMENT ON INCOMES POLICY AND EARLY RETIREMENT SYSTEM. (REFTTEL) NEGOTIATIONS ENDED WITH ANNOUNCEMENT THAT PARTIES HAD MADE NO PROGRESS TOWARD AGREEMENT AND SAW NO REASON TO CONTINUE MEETINGS. J. HOUTHUYS, PRESIDENT OF CHRISTIAN TRADE UNION FEDERATION (WHICH SUPPORTS GOVERNMENT), PUT BLAME FOR FAILURE OF NEGOTIATIONS ON EMPLOYERS WHO REFUSED TO ACCEPT PROPOSAL FOR SETTING UP SOLIDARITY FUND TO FINANCE EARLY RETIREMENT." LEADERS OF SOCIALISTS FG TB GEORGE DEBUNNE TERMED END OF NEGOTIATIONS AS " VERY SERIOUS".

2. PRIME MINISTER TINDEMANS CALLED CABINET MEETING TODAY TO CONSIDER WHAT NEXT STEP GOVERNMENT SHOULD TAKE. SPECULATION IS HE HAS LITTLE ALTERNATIVE BUT RETURN TO PARLIAMENT WITH SOME PROPOSAL FOR AN INCOME POLICY. HE COULD MAKE INCOME-
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RESTRAINT PILL MORE PALATABLE WITH A BALANCING CALL FOR A

WORKERS' EARLY-RETIREMENT PROGRAM WHICH UNION CLAIMS IS NECESSARY IF RANK-AND-FILE ARE TO BE PERSUADED TO ACCEPT ANY CONTROL ON INCOMES.

3. COMMENT: THE WAY TINDEMANS RESPONDS TO THE STALEMATE BETWEEN TWO POWERFUL INTERESTS IN BELGIAN POLITICS AND SOCIETY MAY WELL DETERMINE FATE OF HIS GOVERNMENT. HE MUST HAVE SUPPORT OF CHRISTIAN TRADE UNION FEDERATION IN ANY PROPOSAL HE MAKES TO PARLIAMENT IF HE IS TO BE ASSURED OF MAJORITY SUPPORT FOR ANY PROPOSAL HE MIGHT MAKE. OPPOSITION FGFB, WHICH CONTROLS MOST GOVERNMENT-EMPLOYEE UNIONS, IS LIKELY TO OPPOSE ANY INCOMES PROPOSAL TINDEMANS MIGHT MAKE TO PARLIAMENT. FGFB IS IN A POSITION TO THREATEN TO CALL STRIKES AFFECTING ESSENTIAL PUBLIC SERVICES IF GOVERNMENT INSISTS THAT WAGE INCREASES IN PUBLIC SECTOR BE LIMITED IN 1976 EXCLUSIVELY TO COST -OF-LIVING RISES. ON OTHER SIDE OF THE ARENA, EMPLOYERS ASSOCIATION HAS DUG IN ITS HEELS, INSISTING THAT INFLATION-WRACKED BELGIUM-WITH HALF ITS ECONOMY INVOLVED IN FOREIGN TRADE-IS RAPIDLY PRICING ITSELF OUT OF BUSINESS. THESE CONFLICTING PRIORITY ARE REFLECTED WITHIN THE TINDEMANS COALITION AS WELL AS BETWEEN GOVERNMENT AND OPPOSITION. TINDEMANS WILL HAVE TO DECLARE HIS POSITION BEFORE PARLIAMENT NEXT WEEK. THE GROUND HE STAKES OUT MAY BECOME THE BATTLEGROUND ON WHICH FATE OF HIS 18-MONTH-OLD GOVERNMENT IS DETERMINED.

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